

The House reassembled at twelve of the clock,

[MR. DEPUTY CHAIRMAN *in the Chair.*]

## WRITTEN ANSWERS TO STARRED QUESTIONS

### Strengthening NPPA

\*141. SHRI TARIQ ANWAR: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the prices of essential drugs are fluctuating very fast;

(b) if so, the details of steps taken in this regard;

(c) whether it is also a fact that the National Pharmaceutical Pricing Authority (NPPA) is unable to control price fluctuations; and

(d) if so, the remedial steps taken to strengthen the NPPA?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) to (d) The 74 bulk drugs specified in the First Schedule of the Drugs (Prices Control Order, 1995 (DPC, 95) and the formulations based thereon are under prices control and their prices are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95. These drugs have been kept under price control on the basis of criteria mentioned in "Modifications in Drug Policy, 1986", announced in September, 1994.

In the case of scheduled formulations prices are revised downward as well as upward as per provisions of DPCO, 95. It is however mentioned that increase in the prices of Scheduled formulations are considered and approved only after examination of company's claim in Form-III/IV regarding input cost of raw material and the notified norms as applicable. In so far as prices of Scheduled drugs are concerned, no erratic fluctuations in prices of these drugs has come to notice, in the recent past. No one can sell Scheduled drug/formulation at a price more than the price fixed by the NPPA/Government.

In the current year, 2006-07 (till 15-11-2006), NPPA has fixed/revised prices of 735 formulation packs. Out of these 735 cases, prices were

increased in respect of 83 formulation packs, reduced in respect of 178 formulation packs and there was no change in respect of 21 formulation packs. In the remaining 453 formulation packs prices were fixed for the first time. Out of 83 formulation packs whose prices have been increased during the current financial year, prices of 72 packs have been increased between 0% to 25% prices of 6 packs have been increased between 25% to 50% and prices of remaining 5 packs have been increased by more than 50%. Similarly, out of 178 formulation packs whose prices have been decreased, prices of 161 packs have been decreased between 0% to 25%, prices of 11 packs have been decreased between 25% to 50% and prices of remaining 6 packs have been decreased by more than 50%. Details of the formulations prices fixed/revised by the NPPA during the last 3 years are as under:

	2004-05	2005-06	2006-07 (Up to 15th November, 2006)
	Nos.	Nos.	Nos.
Price Increased	42	99	83
Price Decreased	13	398	178
Price fixed for the first time	144	480	453
No change in prices	13	41	21
<b>TOTAL</b>	<b>332</b>	<b>1018</b>	<b>735</b>

Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. the NPPA monitors the prices of medicines as per monthly Retail Audit Reports of ORG IMS Research Pvt. Ltd. The Government takes corrective measures where the public interest is found to be adversely affected.

Monitoring of prices of non-Scheduled formulations is an ongoing exercise undertaken by the NPPA. During such monitoring 21 companies have reduced the prices voluntarily in respect of 34 formulation packs. Some cases were referred by NPPA to this department for appropriate action. As per the direction of this department, 5 companies have reduced prices of 11 formulations to the permissible level.

The common reasons for rise in the prices of medicines are:—

- (a) Rise in the price of bulk drugs
- (b) Rise in the cost of production/import
- (c) Rise in the cost of transport, freight rates;
- (d) Rise in the cost of utilities like fuel, power, diesel etc.
- (e) For imported medicines, rise in the c.i.f. prices and depreciation of the Rupee
- (f) Changes in taxes and duties

The NPPA is working with limited staff strength have office at Delhi only. There is no field set up and NPPA is dependent on the State Drug Controllers for enforcement of prices fixed/revised from time to time and for effective monitoring. This impacts the effectiveness of the NPPA.

The Government have drafted National Pharmaceutical Policy, 2006 which contains some proposals for strengthening of NPPA viz. revamping of present structure and work of NPPA to bring in greater transparency; strengthening of the monitoring system of NPPA through appropriate computerization and software; establishment of regular linkage with the State Drug Controllers; strengthening of the legal wing of the NPPA to effectively handling the court cases etc. Further, it is proposed in the draft Pharmaceutical Policy, 2006 that a State level drug Price Monitoring Cell may be set up for monitoring of the Drug Prices in each State/UTs. These cells would send regular reports to NPPA regarding prices and availability of drugs in the State/UTs. These cells would be computerized and linked with NPPA through on-line linkage. Exercise for computerization in NPPA has already started. Advisory Committees to provide a standing platform for regular interaction with industry, consumers and State Governments are also proposed to be constituted at the Head Office level at Delhi and 5 Regional Offices in the country namely Northern Region (headquarter at Delhi) Southern regions (headquarter at Hyderabad) Western region (headquarter at Mumbai) Eastern region (headquarter at Kolkata) and North-Eastern region (headquarter at Guwahati).

Besides, it has also been proposed in the new draft Pharmaceutical Policy, 2006 that an independent Drugs (Price Regulation and Control)

Act may be introduced to strengthen NPPA for effective monitoring and enforcement of Drug Prices.

The draft National Pharmaceutical Policy, 2006 is under finalisation.

### **Allocation of imported wheat**

\*142. SHRIMATI BRINDA KARAT: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the allocation of wheat imported, State-wise; and

(b) the details of quality of specifications given while importing wheat?

THE MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR): (a) All wheat whether domestically procured or imported is taken into the Central Pool and allocated to the states to save transportation cost and losses in handling. Statement showing quantity of imported wheat moved from port to State godowns with country of origin is given in Statement-I (See below)

(b) The details of quality specification for imports of wheat are given in Statement-II

### **Statement-I**

*Details of quantity of imported wheat moved from port to state godowns with country of origin*

(28.11.06)

Name of Port		Country of Origin	Qty. (In MT)	Moved to (Region)
1	2	3	4	
1	Chennel	Australia	606	Chattisgarh
			150233	Karnataka
			29256	Kerala
			14590	Orissa
			35636	Tamil Nadu
		Total	230321	